

- The Forms 941 were completed incorrectly.

Examples of these errors are:

- Non-FICA wages (wages not subject to FICA taxes); Individual Retirement Accounts (IRA's) or other non-wage payments were incorrectly shown as FICA wages (for example, a minister's salary);
- Self-employment income amounts were shown as Social Security and Medicare wages;
- Social Security wages over the maximum taxable Social Security limit were reported for one or more employees;
- Third-party sick pay was improperly reported (See IRS Publication 15-A, "Employers Supplemental Tax Guide").

If you made any of the errors listed immediately above but the amounts reported to SSA are correct, explain this on the questionnaire. File a Form 941c together with your regular Form 941 or Form 943 or Form 843 (for a refund if you overpaid wage taxes) with the IRS.

If **none** of the types of errors listed above caused wage reporting differences in IRS and SSA records, return the questionnaire with duplicate copies of your wage reports for our further investigation.

COMPLETING THE QUESTIONNAIRE

Check the appropriate boxes and enter any information needed to help us understand the explanation you checked. The back of the questionnaire can be used for this purpose.

RETURNING THE WAGE REPORT

Make sure:

- the tax year preprinted on all Forms W-2 and W-3 you are returning is for the year being questioned;
- you submit clean, clear copies of Form W-2 showing the name, Social Security number (SSN), EIN, and Social Security wage, Social Security tip, and Medicare wage/tip amounts; and

- when submitting a wage report electronically or on magnet media, that you provide the reason for the electronic or magnetic media submission (e.g., Form W-2c corrections, missing Forms W-2, previously omitted SSNs, etc.).

HOW TO AVOID FUTURE ERRORS

Your employees depend on you to report the wages they earn to SSA. It is essential that these wage reports are accurate. To ensure accuracy, each January or February you should review last year's Forms 941, 943 or Schedule H against your payroll records. Compare the sum of the amounts to be reported to SSA on your Forms W-2 to the sum of the amounts you reported to IRS on Forms 941, 943 or Schedule H for the tax year. The following total amounts on the IRS and SSA reports should match:

Item	W-2 Block	941 Line	943 Line	Sch. H Line
Soc. Security Wages	3	6a	2	1
Soc. Security Tips	7	6c	---	---
Medicare Wages/Tips	5	7a	4	3
Fed. Income Tax W/H	2	3	6	5
Adv. Earned Income Credit Payments	9	12	10	---

If you file Forms W-2 on paper, put the totals from all the forms on a transmittal Form W-3.

If you file reports electronically or on magnetic tape, diskette, or cartridge, the total of all employee wage (RW) records should agree with the amount entered in the TOTAL (RT) record.

If the amounts shown above on the IRS and SSA reports do not match, please consult your wage reporting instructions and double check your wage reports; especially for the kinds of errors mentioned in the section of this pamphlet entitled.

HOW TO IDENTIFY POSSIBLE ERRORS

In any case, be sure to keep records for 4 years to back up your wage and tax reports should SSA or IRS later have questions about them.

DON'T LET YOUR EMPLOYEES DOWN!

A GUIDE ON HOW TO CORRECT AND
PREVENT REPORTING ERRORS ON
EMPLOYMENT RETURNS
(FORMS 941, 943 OR SCHEDULE H FILED
WITH IRS
AND FORMS W-3 AND W-2 FILED
WITH SSA)

Visit our website @
www.socialsecurity.gov/employer



Social Security Administration
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WHY YOUR HELP IS NEEDED

You reported more employee wages to the Internal Revenue Service (IRS) than you reported to the Social Security Administration (SSA) on your Forms W-2. As an employer you are required to report your employees' wage totals to IRS quarterly, either on the Form 941 (Employer's Quarterly Federal Tax Return), Form 943 (Employer's Annual Tax Return for Agricultural Employees) or annually on a Schedule H. You must also report individual employee wage amounts to SSA annually either on Form W-3 (Transmittal of Income and Tax Statements) and accompanying Forms W-2 (Wage and Tax Statements), electronically or on magnetic tape, cartridge or diskette. SSA and IRS compare the wage information reported to each agency and ask employers to resolve any differences.

While most of the 7 million employer earnings reports filed yearly with SSA match what was reported to IRS, some employers report more Federal Insurance Contributions Act (FICA) wages to IRS than to SSA. FICA wages are wages subject to Social Security and/or Medicare taxes. Your wage reports did not match IRS records for the year shown on the enclosed questionnaire. If the wage amounts you reported to IRS are correct, it means some of your employees' earnings were not credited to their Social Security records. This can affect your employees' eligibility to, or the amount of, their Social Security benefits, as well as their Medicare eligibility. If the amount reported to SSA is correct, then you may have overpaid FICA taxes. You may claim a refund from IRS by filing Form 941c (supporting Statement To Correct Information) along with the next regular Form 941 or Form 843 (Claim for Refund and Request for Abatement) you file with IRS.

HOW TO IDENTIFY POSSIBLE ERRORS

One of two questionnaires is enclosed with this pamphlet. A "missing" report questionnaire is sent to employers for whom IRS has an employment tax return but SSA has no corresponding wage report.

A "discrepancy" questionnaire is sent to employers reporting a larger Social Security and/or Medicare wage amount to IRS than they reported to SSA.

If your report is missing, check your records to see if:

- you used the correct version of Form W-3 and W-2 for the tax year being reported (or, if you filed electronically or on magnetic tape, cartridge, or diskette, the correct tax year entry). If not, the wages were probably credited for the wrong year. In this event, provide us with transmittal Form W-3c and Forms W-2c (Statement of Corrected Income and Tax Amounts) showing the correct information;
- you still have copy "A" of the Forms W-2 or your electronic or magnetic media report (which may have been returned to you for correction). If so, please send them for processing to the address shown on the questionnaire; or
- you showed your correct employer identification number (EIN) on your reports. If this number was omitted or incorrectly shown, explain this on the questionnaire and show what employer name and EIN were shown on your reports. This will help us search for the "missing" report in our records.

If any of these errors has occurred and you are providing copies of Forms W-2 to correct the records, compare the wage totals on these Forms W-2 to those wage totals shown on the enclosed questionnaire as totals you reported to IRS. If these amounts are not the same, explain why on the questionnaire.

If **none** of the reasons listed above identify the problem, please return a copy of your wage reports to us for reprocessing.

If your report is discrepant, check your records to see if:

- you completed any Form W-2 incorrectly. Is any:
 - void box checked in error (if so, send us a new copy A of the Form W-2);
 - amount shown in the Social Security wages, Social Security tips, and in the Medicare wages and tips field incorrect;
 - employer portion of the FICA taxes incorrectly being deducted from or added to the reported FICA wage amount;
 - Social Security wage field incomplete because all Social Security wages, including such special payments as bonuses or awards are not included;
 - Medicare wage and tip entry showing less than all the employee's entire wages (there is no maximum taxable limit on Medicare wages for years after 1993).

If any of the errors listed above has occurred, prepare Forms W-3c and W-2c to correct them. If none of these errors seems to apply, check further to see if any of the following errors were made:

- household employees were included in your Form 941, 943 or Schedule H totals, but you did not include copy A of Form W-2 for them in your report to SSA. If so, provide us with these forms now;
- the EIN you used to report wages to IRS and SSA is not the same; or, if you used more than one EIN during the year, you reported different wage amounts to SSA under one or more EINs than to IRS. If you did not report the same wage amount under each EIN to both SSA and IRS, explain this on the questionnaire and show all EINs used during the tax year;
- Forms W-2 for **all** your employees were not sent to SSA. (If Copy A of Form W-2 was not sent for some employees, return only the **missing** forms with the questionnaire.);